

State of Vermont**Vermont Economic Progress Council**

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TO: House Ways and Means Committee
FROM: Jessica Hartleben, Executive Director, VEPC
DATE: May 7, 2025
SUBJECT: S.127, "CHIP"

Chair and Members of the Committee,

Thank you for the opportunity to testify today. I want to thank the committee for your work on this bill to find housing solutions, particularly for rural areas. At VEPC, we deeply share your urgency and your focus. We're excited to be part of the solution through the Community Housing Incentive Program (CHIP), and we believe we can administer this program effectively, with a few targeted adjustments.

Our sincere hope is that VEPC's role in CHIP will be as efficient as possible to meet the immediate need for housing statewide. To achieve this, we would encourage CHIP to be crafted with flexibility in mind. We are all familiar with the barriers to creating housing in Vermont. VEPC understands that the intent of this bill is to provide a tool that helps overcome those barriers, not add to them. CHIP should be designed to empower municipalities to take immediate action toward our shared goal of addressing Vermont's housing crisis.

We are excited to see the infrastructure created by CHIP benefit future generations in communities across Vermont. The steps being taken now will equip towns with the tools they need to grow in alignment with their long-term plans, meet the needs of their residents, and ultimately expand their grand lists. By supporting essential infrastructure, like water, sewer, and roads, CHIP can help towns across Vermont enable housing development and promote smart, locally guided growth.

Here's where we see a few areas where the language could be strengthened:

1. Affordability

It is beyond VEPC's authority to enforce income-based eligibility requirements, especially in perpetuity. Further, it is important to ensure that the program is sufficiently flexible to allow for a range of housing, while also being feasible to administer. Vermont needs more housing of all types, and we fully support the [Senate](#) and [House Commerce and Economic Development Committees](#) versions, which focus on low and moderate-income Vermonters while empowering municipalities to bring forward the projects they know will best meet their needs, and without



relying on narrowly defined criteria. VEPC is committed to upholding the purpose (§ 1907) in our project reviews and continue our work with communities to ensure CHIP reflects local needs and equity goals.

2. Location Criteria

The impetus for CHIP is to allow small, rural towns to benefit from transformational tax increment financing, which has historically only benefited larger municipalities in Vermont. To ensure all municipalities have the opportunity to use CHIP, we encourage the committee to restore Tier 2 eligibility to the location criteria, as passed by the [Senate](#) and [House Commerce and Economic Development Committees](#).

3. Housing Floor Area

VEPC can verify the percentage of floor area dedicated to the intended use at the time of application through applicant attestation and review of architectural and other development plans. However, VEPC also respectfully recommends that the CHIP Board and VEPC be granted authority to develop a review process should municipality's request substantial changes of the original CHIP. This would be important in the likely event that housing floor areas require modification. Circumstances often evolve between the time infrastructure is built and a housing development project begins. Based on our experience with TIF, key project elements such as floor area allocations may shift due to changing market conditions, construction costs, or development timelines. Granting this flexibility is essential to maintaining overall project feasibility and viability.

4. Permitting

Given the rigorous permitting processes and associated costs involved in development in Vermont, the requirement under §1910(e) that all permits be secured at the time of application could lead to unintended consequences. Specifically, it may discourage early-stage projects and smaller developers from applying for CHIP, because investing in permitting without certainty of receiving financing for the critical infrastructure improvements present a significant financial risk and the use of limited financial resources. Additionally, the requirement that all permits be secured at the time of application negates the need for "the current stage of the permitting process" to be included in the reporting requirements (§1910d(b)(7)).

We're confident that with these minor adjustments, VEPC can carry out the program effectively and in full alignment with the legislature's goals.

Thank you again for your work and leadership on this issue.

